

Message Text

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ORIGIN EB-07

INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00
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TO AMEMBASSY TOKYO IMMEDIATE

C O N F I D E N T I A L STATE 149825

E.O. 11652: GDS

TAGS: EAIR, JA

SUBJECT: US-JAPAN CIVIL AIR RELATIONS

1. ASSISTANT SECRETARY KATZ CALLED IN MINISTER NISHIDA (FUKADA WAS OUT OF TOWN) ON JUNE 27 TO PRESENT AIDE MEMOIRE RESPONDING TO JAPANESE COUNTER PROPOSAL OF JUNE 17. KATZ SAID US WAS CONCERNED OVER INCREASING COMPLEXITY OF LINK-AGES BEING DRAWN AND FELT IMPASSE COULD QUICKLY DEVELOP UNLESS SOME WAY COULD BE FOUND TO GET ON WITH REVISION TALKS WITHOUT DAMAGE TO INTERESTS EITHER SIDE. JAPANESE RESPONSE ON SAIPAN QUESTION RESOLVED THAT ISSUE BUT GOJ POSITION ON FREIGHTER AIRCRAFT SUBSTITUTION COULD NOT BE ACCEPTED BECAUSE IT WAS VIOLATION OF AGREED MINUTE AND WOULD IMPOSE SEVERE FINANCIAL PENALTIES ON US AIRLINES. KATZ SAID THIS MATTER HAD BEEN REVIEWED BY UNDER SECRETARY COOPER AND US RESPONSE CLEARED WITH HIM.

2. TEXT AIDE MEMOIRE IS AS FOLLOWS:
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QUOTE. THE DEPARTMENT OF STATE HAS REVIEWED MOST CAREFULLY THE JAPANESE COUNTER-PROPOSAL PRESENTED ON JUNE 17 FOR DEALING WITH A NUMBER OF CIVIL AVIATION QUESTIONS BETWEEN THE UNITED STATES AND JAPAN.

THE JAPANESE WILLINGNESS TO ALLOW DAILY SERVICE BY

CONTINENTAL/AIR MICRONESIA ON THE SAIPAN-TOKYO ROUTE, AS OF OCTOBER 1, IS APPRECIATED. AS THE JAPANESE GOVERNMENT IS AWARE, THE US HAS A RESPONSIBILITY TO THE PEOPLES OF THE TRUST TERRITORY TO ASSURE THAT THIS AIR SERVICE IS BEGUN AT THE EARLIEST POSSIBLE DATE. IN VIEW OF THE SIGNIFICANT POLITICAL IMPLICATIONS OF THIS MATTER, THE US TRUSTS THAT THE JAPANESE AUTHORITIES WILL NOW MOVE FORWARD TO GRANT THE NECESSARY PERMISSION. FOR ITS PART, THE US IS READY IMMEDIATELY TO EXCHANGE NOTES AMENDING THE JAPANESE ROUTE TO SAIPAN AND GUAM AND TO ACT EXPEDITIOUSLY ON AN APPLICATION BY JAPAN AIR LINES FOR THE NECESSARY AMENDMENT OF ITS FOREIGN AIR CARRIER PERMIT.

THE US ALSO FINDS ACCEPTABLE THE JAPANESE RESPONSE REGARDING OSAKA-HONOLULU SERVICE BY PAN AMERICAN AND USE OF SLOTS AT HANEDA AIRPORT, BOTH OF WHICH HAVE A RELATIONSHIP TO THE QUESTION OF SAIPAN-TOKYO SERVICE. THE JAPANESE RESPONSE REGARDING SLOTS FOR US SUPPLEMENTAL AIRLINES, WHILE NOT FULLY SATISFACTORY, ALSO APPEARS TO HOLD PROMISE THAT SLOTS FOR CHARTER FLIGHTS BY THESE AIRLINES MAY BE MADE AVAILABLE. WITH REGARD TO THE INTRODUCTION OF WIDE-BODIED AIRCRAFT AT OSAKA AIRPORT AND EXERCISE OF FIFTH FREEDOM RIGHTS BY US AIRLINES, THE JAPANESE COUNTER-PROPOSAL REQUIRES FURTHER DISCUSSION.

THE US FINDS UNACCEPTABLE, HOWEVER, THOSE PARTS OF THE
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JAPANESE COUNTER-PROPOSAL WHICH CALL FOR US AGREEMENT TO A DEFERRAL AND LIMITATION ON THE SUBSTITUTION OF WIDE-BODIED FREIGHTER AIRCRAFT BY US AIRLINES. THE INCREASE IN CAPACITY REPRESENTED BY THESE SUBSTITUTIONS IS, IN THE US VIEW, COMPLETELY JUSTIFIED BY CARGO TRAFFIC DEMAND, AS EXPLAINED BY THE US DELEGATION ON MAY 12. THE CONCERNED US AIRLINES HAVE ACQUIRED NEW AIRCRAFT TO MEET THIS INCREASED DEMAND IN RELIANCE OF RIGHTS UNDER THE AGREED MINUTE AND TO DEFER APPROVAL OF THE FILINGS WOULD CAUSE THEM TO SUFFER SERIOUS FINANCIAL LOSSES. FAILURE OF THE JAPANESE GOVERNMENT TO APPROVE THE FILINGS WHICH HAVE BEEN MADE WOULD HAVE TO BE VIEWED BY THE US GOVERNMENT AS A SERIOUS VIOLATION OF THE AGREED MINUTE AND WOULD, AT A MINIMUM, PLACE IN JEOPARDY ANY CLAIM JAPAN MAY HAVE TO REVISIONS OF THE AGREEMENT. THE US WOULD NOT BE PREPARED TO BEGIN REVISION TALKS IF THESE FILINGS WERE NOT APPROVED ON A TIMELY BASIS.

THE US SEEKS TO RESOLVE CIVIL AVIATION QUESTIONS WITH JAPAN IN A CONSTRUCTIVE MANNER. THE TWO SIDES ARE NOW IN ESSENTIAL AGREEMENT ON THE QUESTION OF SAIPAN-TOKYO SERVICE AND THE PARTIALLY RELATED QUESTIONS OF OSAKA-HONOLULU FLIGHTS

BY PAN AMERICAN AND USE OF SLOTS AT HANEDA AIRPORT. THE US EXPECTS JAPAN TO ADHERE TO THE AGREED MINUTE AND TO APPROVE THE FILINGS MADE BY US AIRLINES FOR SUBSTITUTION OF WIDE-BODIED FREIGHTER AIRCRAFT EFFECTIVE ON THE DATES SCHEDULED. IF THIS IS DONE, THE US WOULD BE PREPARED TO BEGIN REVISION TALKS IN WASHINGTON ON JULY 11, IN ACCORDANCE WITH THE SCHEDULE PREVIOUSLY DISCUSSED AND TO RAISE THE LEVEL OF THE REPRESENTATIVES FOR THESE TALKS, WITH THE JOINT OBJECTIVE OF REACHING AN AGREEMENT ON THE REVISION ISSUES BY DECEMBER 31, 1977. THE US UNDERTAKES THAT IT WILL REFRAIN FROM SUBMITTING TO THE JAPANESE AUTHORITIES FURTHER INCREASES IN CAPACITY BY US SCHEDULED AIRLINES PRIOR TO DECEMBER 31, 1977, IT BEING UNDERSTOOD THAT NOR-CONFIDENTIAL

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MAL SEASONAL VARIATIONS IN CAPACITY MAY CONTINUE TO TAKE PLACE. THE QUESTIONS OF INTRODUCTION OF WIDE-BODIED AIRCRAFT AT OSAKA AIRPORT AND USE OF FIFTH FREEDOM RIGHTS BY US AIRLINES COULD BE ADDRESSED DURING THE REVISION TALKS. END QUOTE.

3. MINISTER NISHIDA EXPRESSED DISAPPOINTMENT AT "STRONG" US RESPONSE AND SAID HE WOULD CONSULT AMBASSADOR AND FUKADA. VANCE

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